

Woodbury: Farm Family Business

A Different Buffett Rule



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Bio

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Editor's Note: Lance Woodbury writes for both DTN and our sister publication, The Progressive Farmer. He is a Garden City, Kan., author, consultant and professional mediator specializing in agriculture and closely-held businesses and a featured speaker at a pre-Ag Summit DTN University workshop on retirement Dec. 7 in Chicago. For details go to www.dtnagsummit.com or <http://goo.gl/...> To pose questions for this column email lance@lancewoodbury.com

This past month, I had the opportunity to hear Peter Buffett, a son of investor Warren Buffett, speak at a conference for family business consultants. I've also heard his other son, Howard, at a DTN conference, as well as Warren himself at Berkshire Hathaway meetings.

Hearing three family members speak independently of one another on separate topics, I was struck by a few common themes that apply to any family, including the context of families-in-business. In contrast to the oft-referred "Buffett Rule" proposed by President Barack Obama regarding taxes, the three rules that follow are long-term principles that contribute to successful family relationships.

MAKE PASSION YOUR IDENTITY

Peter said that discovering who you are is the ultimate definition of success. Each Buffett family member appears to have found one or more activities for which they are passionate and is a part of their identity. For Peter, it is music; for Howard, it is photography and farming; and for Warren, it is finding opportunity in undervalued companies. They do other things, too, like advocate for food security, invest in philanthropy, play bridge, or empower girls and young women. But they have found ways to incorporate what they love to do into, or have made it, their life's work.

I know many agriculture family business members who have passion for farming or ranching, but I've also met family members who are unsatisfied with their role in, or focus on, the business. They feel burdened by the pressure or expectations their family members have for them. They don't feel supported in pursuing their true calling, which Peter said was one of the greatest gifts from his father and mother -- the encouragement for him and his siblings to find their voice. Are you, in your role, being true to your passion and identity?

When asked why Peter and his dad had a good relationship, Peter replied, "The reason... is we've never asked each other to be something we're not." In other words, they knew and respected each other for who they were, even if that meant working in another field, spending or giving money away to different causes, or living in different places.

USE YOUR OWN METRICS

Peter showed a number of pictures as part of his presentation, one of them being a report card demonstrating Warren having less-than-perfect grades in school. Peter's point was that the report card by the school was someone else's metric -- a teacher's or society's -- not Warren's. Clearly grades do not predict success, but the bigger point is to identify your own notion of success. What are "your" grading criteria?

The confidence to judge success by your standards, and not by others' measurements, is key to healthy individuals and ultimately healthy relationships. Societies and communities and professional environments all want to define you by what you've



Omaha billionaire investor Warren Buffett encouraged his children to follow their passions in life, guidance that gave them independence despite his big shadow. (Photo by Mark Hirschey, Creative Commons License)

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accumulated, how much you make or leave behind, how well you did on a test, or who you know or how fast or high you climbed a ladder. In agriculture's era of big data, business benchmarking and key financial ratios, it's easy to get hung up with other people's definition of success.

I recently met with a family that is beginning to identify their internal, family business benchmarks for success, criteria that were not based on a lender, an agronomist or a consultant like me. They were asking questions about what would indicate their family relationships are healthy, their business performance is good (regardless of the type of farming), and that their employees are empowered. Sure, they still need to pay attention to the basic guidelines of business performance, but they wanted to create their own definition that met their family's need to track progress. Not scoring an "A" on everyone else's dashboard was becoming more acceptable to the family.

SEE FINANCIAL SUCCESS AS A RESULT, NOT A REASON

When one thinks of the wealth accumulated and given away by the collective Buffett family members, it's easy to focus on the money. But Peter's point was that the money was a result of his father's passion, not a reason for it. And when you look at the lifestyles, the Buffett house in Omaha, and the approachable and down-to-earth nature of the family members, it appears the money has changed them much less than money has changed the many rock stars, athletes and celebrities we see on the nightly news. Sure, money changes things, as Peter suggested when each sibling's foundation received a billion-dollar contribution. It changed their strategy, however, not their personality. Money changes you less when it's not your primary driver, when it is the result of doing what you love to do.

As I continue to meet with members of the senior generation who are working on transitions of their wealth or businesses, I encourage them to think about what rules or principles they should write down for the next generation. Consider how your passion is expressed in your work. Define what metrics are important to your success. And help family members keep financial success in context. A legacy that includes such guidance offers a more complete definition of wealth than any of the numbers on a balance sheet. You, and those around you, will be grateful for your work.

(MZT/AG)

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